



SOUTHERN CALIFORNIA
EDISON

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DOCKET 06-BAP-1
DATE MAR 17 2006
RECD MAR 17 2006

March 17, 2006

California Energy Commission
Dockets Unit
Attn: Docket No. 06-BAP-1
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512

Dear Commission:

Re: Southern California Edison's Comments on the Biomass Energy Action Plan

On March 9, 2006, The California Energy Commission held a workshop in Sacramento on the Biomass Energy Action Plan. Southern California Edison Company (SCE) appreciates the opportunity to provide the following comments on the Draft Consultant Report on Recommendations for a Bioenergy Action Plan for California (Report). SCE recognizes that substantial effort that has been put forth by the Bioenergy Interagency Working Group and the CEC in gathering pertinent information and establishing such a plan.

The Report identifies the several benefits that justify the State taking action to promote greater use of biomass/bioenergy. These include:

- ♦ Providing baseload, firm power generation to help meet the goals of the renewable portfolio standard and providing incremental firm capacity to contribute to resource adequacy requirements of load serving entities.
- ♦ Increasing overall transportation fuel supply, thereby reducing petroleum dependency and helping the state meet its petroleum displacement goals of 20 percent by 2020 and 30 percent by 2030.
- ♦ Reducing greenhouse gases by directly offsetting fossil fuel use as well as avoiding emissions related to the alternate disposition of the biomass, were it not converted to useful energy.
- ♦ Improving air quality by avoiding open field burning of agricultural and forestry wastes.
- ♦ Improving forest health and wildfire prevention by providing a value-added use for forest thinnings.
- ♦ Providing new opportunities for agriculture.
- ♦ Increasing landfill diversion by finding value-added uses for the nearly 30 million tons of biomass disposed of annually by Californians.
- ♦ Providing economic development opportunities, especially to rural parts of the state.
- ♦ Improving water quality and watershed protection by reducing environmental impacts from fossil fuel spills and leaks and by preserving forest integrity to reduce the threat of erosion and runoff.

The Report also requests that the California Public Utilities Commission (CPUC):

1. Work diligently to preserve the operational status of existing biopower facilities, given the uncertainty in the market after July 2006.
2. Initiate a proceeding to develop mechanisms that reward biopower for the range of benefits it provides in meeting RPS requirements and other power system needs. This could include biopower's contribution to the resource adequacy requirements for electric utilities and the ability to strategically-locate biopower facilities to relieve existing and expected future electric transmission congestion. A goal should be to provide biopower with long-term power purchase agreements.

SCE is concerned that: (1) these benefits generally can be achieved by other more cost-effective renewable resources or that (2) the benefits accrue to stakeholders other than ratepaying customers. Ratepayers should not be burdened with a disproportionate cost of obtaining the perceived benefits associated with this particular technology. Moreover, this technology should not be given a preference over other renewable technologies. The CPUC currently has a policy requiring LSEs to select the least-cost/best-fit bidders in renewable solicitations. Establishing the equivalent of a biomass set-aside portfolio standard or other mechanism that rewards biopower for the range of benefits it provides would undermine least-cost/best-fit policy to the extent that biopower is not competitive with other renewable alternatives.

If policy makers want to encourage the use of biomass or other less cost-effective renewable technologies through subsidies in order to capture the perceived societal and environmental benefits of such technologies, this policy should be accomplished by mechanisms that do not single out utility ratepayers to bear the full burden.

Finally, SCE supports the recommendation in the Report to seek an extension of the federal production tax credit equal tax treatment for biomass relative to other renewable energy resources in federal incentive programs.

If you have any questions regarding these comments, please call me at (916) 441-2369.

Sincerely,

Manuel Alvarez

cc: Commissioner James Boyd
Chairman Joseph Desmond
Commissioner John L. Geesman
Commissioner Jackalyne Pfannenstiel
Commissioner Arthur H. Rosenfeld